

151 FERC ¶ 61,137  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

May 15, 2015

In Reply Refer To:  
Midcontinent Independent System  
Operator, Inc.  
Docket No. ER15-1289-000

Midcontinent Independent System Operator, Inc.  
Attorney for Midcontinent Independent System Operator, Inc.  
P.O. Box 4202  
Carmel, IN 46082-4202

Attention: Jacob T. Krouse

Donna Stephenson  
Attorney for Great River Energy  
12300 Elm Creek Blvd.  
Maple Grove, MN 55369-4718

Dear Mr. Krouse and Ms. Stephenson:

1. On March 16, 2015, pursuant to section 205 of the Federal Power Act (FPA), 16 U.S.C. § 824d (2012), and Part 35 of the Commission's regulations, 18 C.F.R. Part 35 (2014), Midcontinent Independent System Operator, Inc. (MISO) and Great River Energy (Great River) (collectively, Filing Parties) filed a proposed revision to Attachment O – GRE Rate Formula Template of MISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) (March 16 Filing).<sup>1</sup> Filing Parties propose to implement a 50-basis point adder (RTO Adder) to Great River's authorized rate of return on equity (ROE) recognizing its continuing participation in MISO, a regional transmission organization (RTO). We conditionally accept the proposed tariff revision, effective May 16, 2015, subject to the conditions discussed below. We also accept Great River's request to defer collection of the RTO Adder pending the outcome of the

---

<sup>1</sup> Filing Parties state that MISO joins in this filing in its capacity as administrator of the Tariff but takes no position on the substance of this filing.

complaint proceeding in Docket No. EL14-12-000 (Complaint Proceeding),<sup>2</sup> as discussed below.

2. On November 6, 2014, a group of MISO transmission owners (MISO Transmission Owners)<sup>3</sup> submitted revisions to their Attachment O formula rate templates of the Tariff to implement a 50-basis point RTO Adder to the authorized ROE based on the MISO Transmission Owners' participation as members in an RTO.

3. On January 5, 2015, the Commission accepted and nominally suspended the MISO Transmission Owners' proposed RTO Adder to become effective January 6, 2015, subject to refund.<sup>4</sup> The RTO Adder was conditioned on it being applied to a base ROE that has been shown to be just and reasonable based on an updated discounted cash-flow analysis and subject to the resulting ROE being within the zone of reasonableness determined by that updated discounted cash-flow analysis, as those may be determined in the pending Complaint Proceeding. The Commission also accepted the MISO

---

<sup>2</sup> *Ass'n of Bus. Advocating Tariff Equity v. Midcontinent Indep. Sys. Operator, Inc.*, 149 FERC ¶ 61,049 (2014) (Complaint Hearing Order). The Complaint Hearing Order granted in part a complaint that alleged that the current 12.38 percent base ROE allowed for MISO transmission owners is unjust and unreasonable. The Commission established hearing and settlement judge procedures with respect to the MISO transmission owners' base ROE, and set a refund effective date of November 12, 2013, for the MISO transmission owners' base ROE.

<sup>3</sup> The MISO Transmission Owners for the November 6, 2014 filing consisted of the following: ALLETE, Inc. for its operating division Minnesota Power (and its subsidiary Superior Water, L&P); Ameren Services Company, as agent for Ameren Missouri, Ameren Illinois, and Ameren Transmission Company of Illinois; American Transmission Company LLC; Cleco Power LLC; Duke Energy Corporation for Duke Energy Indiana, Inc.; Entergy Arkansas, Inc.; Entergy Louisiana, LLC; Entergy Gulf States Louisiana, L.L.C.; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; Entergy Texas, Inc.; Indianapolis Power & Light Company; ITC Transmission; ITC Midwest LLC; Michigan Electric Transmission Company, LLC; MidAmerican Energy Company; Montana-Dakota Utilities Co.; Northern Indiana Public Service Company; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Northwestern Wisconsin Electric Company; Otter Tail Power Company; Vectren Energy Delivery of Indiana; and Wolverine Power Supply Cooperative, Inc.

<sup>4</sup> *Midcontinent Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,004 (2015) (January 5 Order).

Transmission Owners' request to defer collection of the RTO Adder pending the outcome of the Complaint Proceeding.

4. In the January 5 Order, the Commission affirmed that the RTO Adder would be available for use by any transmission-owning members of MISO that have turned operational control of their transmission system over to MISO and use the generally applicable MISO ROE, subject to the conditions concerning the base ROE and zone of reasonableness discussed above.<sup>5</sup> However, the Commission determined that those entities utilizing an Attachment O formula that had not been revised to reflect the RTO Adder in that proceeding would need to make a filing under section 205 of the FPA to reflect the RTO Adder in their formula in order to be able to include the RTO Adder in rates that are calculated pursuant to their formula.<sup>6</sup>

5. Great River states that the instant filing is modeled after the MISO Transmission Owners' November 6, 2014 filing to implement an RTO Adder, and that it seeks the same relief as the MISO Transmission Owners. Specifically, Great River requests the following: (1) approval of its ability to apply the RTO Adder in its MISO Tariff Attachment O filing in accordance with the January 5 Order; (2) authorization to defer collection of the RTO Adder until after the issuance of a final order in the Complaint Proceeding; and (3) an effective date of January 6, 2015, the same effective date established by the Commission in the January 5 Order. In addition, Great River commits to utilizing the base ROE established by the Commission in the Complaint Proceeding and to refunds going back to November 12, 2013, the refund effective in the Complaint Proceeding.<sup>7</sup>

6. Great River states that it qualifies for the RTO Adder on the same basis as the MISO Transmission Owners who were approved for the RTO Adder in the January 5 Order, because Great River (1) is a transmission owner of MISO, (2) has relinquished functional control over its transmission systems to MISO, (3) uses the generally

---

<sup>5</sup> Complaint Hearing Order, 149 FERC ¶ 61,049 at P 48 (citing *DATC Midwest Holdings, LLC*, 139 FERC ¶ 61,224, at P 83 (2012) (explaining that transmission-owning members of MISO are currently authorized to use a 12.38 percent ROE for calculating their annual transmission revenue requirement, and that if DATC Midwest Holdings, LLC becomes a transmission-owning member of MISO, it will also be entitled to receive the then-current ROE that the Commission has approved for MISO transmission owners, as long as it remains a member of MISO)).

<sup>6</sup> *Id.*

<sup>7</sup> March 16 Filing at 2.

applicable MISO ROE, and (4) continues as a transmission-owning member of MISO on an on-going, voluntary basis.<sup>8</sup>

7. Great River requests waiver of the Commission's prior notice requirement, to allow an effective date of January 6, 2015, the same date established by the Commission in the January 5 Order for the MISO Transmission Owners seeking to apply the RTO Adder. Great River contends that good cause exists to grant waiver of notice, i.e., to avoid transmission settlement billing adjustments and also to keep the effective date consistent with the MISO Transmission Owners' filing.<sup>9</sup>

8. Great River requests deferred collection of the RTO Adder until the Commission issues an order in the Complaint Proceeding in which the Commission will establish a zone of reasonableness for the MISO transmission owners' ROE. Great River states that deferral of collection will benefit MISO, Great River, and customers due to the increased stability achieved by reducing the number of rate changes that may result from implementation of the RTO Adder and possibly from subsequent resolution of the Complaint Proceeding. Great River also commits to utilizing the base ROE established by the Commission in the Complaint Proceeding and to refunds going back to November 12, 2013, the refund effective date in the Complaint Proceeding.<sup>10</sup>

9. Great River also requests waiver of portions of section 35.13 of the Commission's regulations that require the submission of cost of service information, statements, testimony, and exhibits to support the requested tariff changes, including the required discounted cash-flow analysis. Great River states that this information would merely duplicate the exhibits and testimony that have been or may be filed in the Complaint Proceeding, given that Great River agrees, for the purpose of implementing the RTO Adder, to adhere to any range of reasonable returns that the Commission may establish in the Complaint Proceeding.<sup>11</sup>

---

<sup>8</sup> Great River, a generation and transmission cooperative, states that it is not a Commission-jurisdictional transmission owner but that it is nonetheless eligible for the RTO participation adder. *Id.* at 6, n.29.

<sup>9</sup> *Id.* at 7.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 8.

10. Notice of the March 16 Filing was published in the *Federal Register*, 80 Fed. Reg. 15,207 (2015), with interventions and protests due on or before April 6, 2015. A group of MISO transmission owners (TO Intervenor)s<sup>12</sup> filed a timely motion to intervene, raising no substantive issues. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), the timely, unopposed motion to intervene of TO Intervenor)s serves to make them parties to this proceeding.

11. In the Energy Policy Act of 2005, Congress added section 219 to the FPA, directing the Commission to establish, by rule, incentive-based rate treatments for the transmission of electric energy in interstate commerce by public utilities for the purpose of benefiting consumers by ensuring reliability or reducing the cost of delivered power by reducing transmission congestion.<sup>13</sup> The purpose of this rule is, *inter alia*, to promote reliable and economically efficient transmission and generation of electricity by promoting capital investment in electric transmission infrastructure.<sup>14</sup> The Commission subsequently issued Order No. 679,<sup>15</sup> which sets forth processes by which a public utility may seek transmission rate incentives, pursuant to section 219 of the FPA, including the incentives requested here by Great River.

---

<sup>12</sup> The TO Intervenor)s consist of the following: Ameren Services Company, as agent for Ameren Missouri, Ameren Illinois, and Ameren Transmission Company of Illinois; American Transmission Company LLC; Cleco Power LLC; Duke Energy Corporation for Duke Energy Indiana, Inc.; Entergy Arkansas, Inc.; Entergy Louisiana, LLC; Entergy Gulf States Louisiana, L.L.C.; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; Entergy Texas, Inc.; Indianapolis Power & Light Company; ITC Transmission Company; ITC Midwest LLC; Michigan Electric Transmission Company; MidAmerican Energy Company; Minnesota Power (and its subsidiary Superior Water, L&P); Montana-Dakota Utilities Co.; Northern Indiana Public Service Company; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Northwestern Wisconsin Electric Company; Otter Tail Power Company; Vectren Energy Delivery of Indiana; and Wolverine Power Supply Cooperative, Inc.

<sup>13</sup> 16 U.S.C. § 824s(a), (b) (2012).

<sup>14</sup> *Id.*

<sup>15</sup> *Promoting Transmission Investment through Pricing Reform*, Order No. 679, FERC Stats. & Regs. ¶ 31,222, *order on reh'g*, Order No. 679-A, FERC Stats. & Regs. ¶ 61,236 (2006), *order on clarification*, 119 FERC ¶ 61,062 (2007).

12. We conditionally grant Great River's request for a 50-basis point adder to its base ROE for its participation in MISO, consistent with section 219 of the FPA and Commission precedent,<sup>16</sup> subject to the conditions discussed below. We find that Great River has demonstrated that it is qualified to receive the requested 50-basis point adder. Our approval of this incentive is based on Great River's commitment to continue being a member of MISO.

13. Additionally, our acceptance of the RTO Adder is conditioned upon a voluntary commitment by Great River to (1) provide refunds, with interest at Commission refund interest rates, to the extent that the ROE or zone of reasonableness established in the Complaint Proceeding when applied as of the refund effective date in the Complaint Proceeding, consistent with Great River's voluntary commitment in the instant filing, would result in a lower revenue requirement than that charged by Great River, and (2) provide refunds, with interest at Commission refund interest rates, consistent with any refund effective date established in any other proceedings resulting in a new base ROE or a new zone of reasonableness for the MISO transmission owners' base ROE,<sup>17</sup> to the extent that the ROE or zone of reasonableness established in such proceedings, when applied as of the refund effective date established in such proceedings, would result in a lower revenue requirement than that charged by Great River.<sup>18</sup> Accordingly, we direct MISO to submit a compliance filing within 30 days of the date of this order with revisions to Attachment O – GRE Rate Formula Template reflecting that applicability of the RTO Adder is conditioned on Great River making the two voluntary refund

---

<sup>16</sup> See, e.g., *Pacific Gas and Electric Co.*, 148 FERC ¶ 61,245, at P 30 (2014) (granting 50-basis point adder for continued RTO participation); *Valley Elec. Ass'n, Inc.*, 141 FERC ¶ 61,238, at P 26 (2012) (granting 50-basis point adder for RTO participation); *Pacific Gas and Electric Co.*, 141 FERC ¶ 61,168, at P 25 (2012).

<sup>17</sup> We note that such proceedings would include the complaint filed on February 12, 2015 in Docket No. EL15-45-000 by Arkansas Electric Cooperative Corporation; Mississippi Delta Energy Agency and its two members, Clarksdale Public Utilities Commission of the City of Clarksdale, Mississippi and Public Service Commission of Yazoo City of the City of Yazoo City, Mississippi; and Hoosier Energy Rural Electric Cooperative, Inc. against certain MISO transmission owners alleging that the MISO transmission owners' base ROE is unjust and unreasonable and should be reduced.

<sup>18</sup> See *Midcontinent Indep. Sys. Operator, Inc.*, 151 FERC ¶ 61,050, at P 24 (2015). These voluntary refund commitments are necessary because Great River states that it is not a Commission-jurisdictional transmission owner, which means that it would not be subject to refund requirements in sections 205 and 206 of the FPA.

commitments discussed above, or in the alternative, to eliminate the tariff revisions conditionally accepted herein if Great River does not make such a commitment.

14. Based upon a review of the filing, our preliminary analysis indicates that the overall ROE resulting from application of the RTO Adder has not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful (i.e., it has not been shown to be just and reasonable to apply the RTO Adder to the current base ROE). Accordingly, we accept the revisions to Attachment O – GRE Rate Formula Template of the Tariff to become effective May 16, 2015, subject to MISO submitting a compliance filing discussed *supra*, and subject to the RTO Adder being applied to a base ROE that has been shown to be just and reasonable based on an updated discounted cash-flow analysis and the resulting ROE being within the zone of reasonableness determined by that updated discounted cash-flow analysis, as those may be determined in the Complaint Proceeding, and make the proposed revisions subject to the outcome of the Complaint Proceeding. Because we are accepting the proposed revisions subject to the outcome of the Complaint Proceeding for the purpose of determining the just and reasonable base ROE and the zone of reasonableness to be applied to the RTO Adder requested in the instant filing, we grant Great River's request for waiver of the portions of the Commission's section 35.13 requirements that require the submission of cost of service information, statements, testimony, and exhibits to support the requested tariff changes, including the required discounted cash-flow analysis.

15. We deny Great River's request for waiver of the 60-day prior notice requirement for failure to show good cause. Absent waiver, public utilities must provide the Commission at least 60 days prior notice before any proposed rate, term, or condition is to become effective.<sup>19</sup> Therefore, the earliest date that proposed rates, terms, or conditions may become effective, absent waiver, is the 61st day after filing, *i.e.*, the day *after* the 60-day prior notice period has expired. Thus, given that we are denying Great River's request for waiver of the 60-day prior notice requirement, for the March 16 Filing, the earliest permissible effective date is May 16, 2015.<sup>20</sup> Accordingly, we establish an effective date for the proposed Tariff revisions of May 16, 2015.

16. We accept Great River's proposal to defer collection of the RTO Adder pending the outcome of the Complaint Proceeding, noting that the RTO Adder will be effective May 16, 2015. This should promote administrative efficiency.

---

<sup>19</sup> 16 U.S.C. § 824d(d) (2012); 18 C.F.R. § 35.3 (2014).

<sup>20</sup> See, e.g., *California Indep. Sys. Operator*, 117 FERC ¶ 61,181, at P 4 (2006) (citing *Utah Power & Light Co.*, 30 FERC ¶ 61,015, at 61,024 n.9 (1985)).

17. The proposed Tariff revisions in the March 16 Filing are hereby conditionally accepted for filing, subject to refund, effective May 16, 2015, as discussed in the body of this order. MISO is hereby directed to submit a compliance filing within 30 days of the date of this order, as discussed in the body of this order.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.